Enabling Connected Media Experiences:

Mastering Video Delivery, User Engagement, and Monetization Strategies

A Parks Associates Whitepaper Developed for

mPortal
enabling connected experiences™

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The hyperconnected consumer

Executive Overview

This whitepaper assesses the impact of connected device ownership and media use on cross-platform video delivery, discovery, and monetization strategies. The media marketplace is evolving due to Internet connectivity and changing consumer behavior. Content owners and service providers must find new strategies to manage video delivery and discovery while improving consumer engagement toward the ultimate goal of successful monetization.

TOPICS ADDRESSED IN THIS WHITEPAPER:

- The Hyperconnected Consumer
- Capturing Consumer Attention and Forming a Bond
- Impact of Social Networking
- The Quest to Deliver Quality User Experiences

The Hyperconnected Consumer

Consumers are more connected to media content and services than ever before.

Rates of Internet-connected device adoption continue to rise, and service and content accessibility *anytime, anywhere* is an increasingly common distribution requirement due to consumer demand.

TODAY

Consumers increasingly use

- SMARTPHONES
- TABLETS
- SMART TVS
- GAME CONSOLES
- DIGITAL MEDIA RECEIVERS

platforms to **consume all types of media content**…

including VIDEO.

QUICK STATS

From **2010** to **2013**

smart TV ownership rose from **17%** to **26%**

1Q 2012

smartphones were present in **57%** OF U.S. BROADBAND HOUSEHOLDS

tablets were present in **31%** OF U.S. BROADBAND HOUSEHOLDS

1Q 2013

smartphone ownership grew to **66%**

tablet ownership is **48%**

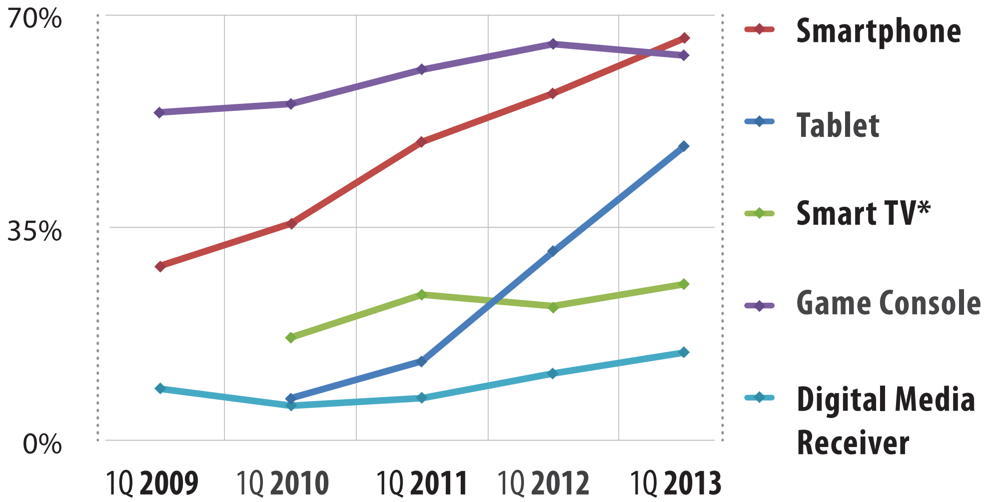
Connected game consoles are present in **63%** OF U.S. BROADBAND HOUSEHOLDS

New video distribution devices, categorized as digital media receivers, including **Apple TV** & **Roku**, have slowly penetrated the market with an ownership level of **14%**

Connected Device Adoption Trends

1Q 2009 - 1Q 2013

U.S. Broadband Households



© Parks Associates Figure 1

ACCORDING TO PARKS ASSOCIATES FORECASTS

Smartphone users* in North America will increase from nearly

231 million **in 2013 to**

300 million **by 2017**

Tablet users will increase by **61%** from 2013 to 2014, with healthy ownership rates projected through 2017.

Tablets users in North America will exceed

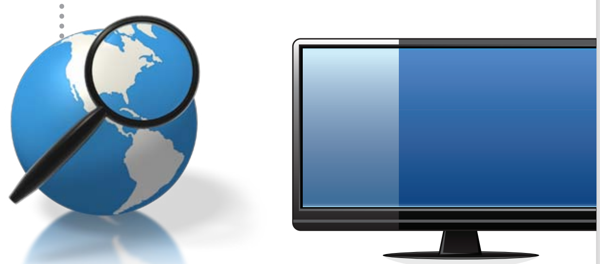
244 million **by 2017.**

*Smartphones and tablets are measured in number of users because these devices are unique to individual video viewers. Smart TVs are measured by number of households because these devices are generally shared by more than one household member.

The growth of smart TVs in TV households adds a new level of complexity for content owners and service providers as these devices enable new channels for video delivery and consumer use.

OF THE **136 million TV households** in North America in 2013

smart TVs will be in **32 MILLION**, or **23%** of all TV households.



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Connected TV Households in North America

U.S. and Canada (2013-2017)

IN MILLIONS

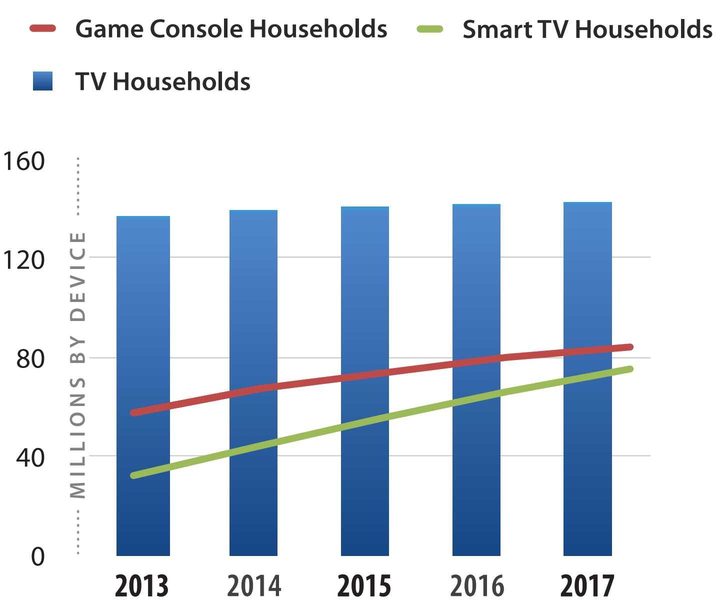

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Figure 2

By 2017—53% of TV households will own a smart TV set.

Internet connectivity paired with video distribution partnerships repositions game consoles as more than a gaming device.

While gamers primarily use these systems to play games, non-gaming video usage patterns are forming.

57 MILLION North American TV households will have a **connected game console** by year-end 2013, rising to nearly **84 MILLION** by 2017.

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Despite industry debate regarding the impact of alternative device platforms (desktop, laptop, smartphone, or tablet) on video delivery and consumption behavior, ***consumers have yet to turn away from the traditional viewing environment***.

Consumers still spend more time, in hours, watching TV shows and movies on a TV set than on a computer or mobile device.

In sheer volume, consumers spend more time each week watching live TV broadcasts on a TV set than online shows or content.

These findings indicate that TV viewers spend more time watching via a TV set because they watch long-form video on that product. Users spend less time, one to five hours each week, watching videos on a smartphone or tablet because it is more conducive to short-form video viewing.

Weekly Time Spent Watching TV/Video by Device Platform

(Among users of device platforms in U.S. broadband households)

	1-5 hours	6-10 hours	More than 10 hours
Live TV show on a TV set	29%	19%	41%
Live TV shows via a computer	20%	5%	7%
Video websites via a computer	52%	12%	12%
Video websites/apps on a smartphone	59%	7%	4%
Video websites/apps on a tablet	62%	14%	10%

Figure 3

Source: Parks Associates, *Video-on-Demand: The Road to Revenues*

Even so, **video viewing outside of conventional channels is growing.**

OVER ONE-THIRD of computer, smartphone, & tablet owners report spending more time, in general, watching video on these devices than one year ago.

% of Viewers Increasing Time Spent Watching Video

(Among video viewers by device in U.S. broadband households)

Tablet	44%
Smartphone	32%
Computer	32%
TV set	25%

Figure 4

Source: Parks Associates, *Video-on-Demand: The Road to Revenues*

Capturing Consumer Attention and Forming a Bond

Internet connectivity has forever changed how consumers view and interact with broadcast & cable TV programs.

Today, consumers can supplement, or even change altogether, the ways in which they view their favorite TV shows. Time-shifting or place-shifting content is commonplace following the advent of DVRs, on-demand video services, and second-screen engagement; obtaining real-time TV program or product or service details is a new consumer behavior.

Content owners and distributors are challenged with formulating effective cross-platform video delivery and discovery approaches—ones that reach and engage users at ***any touch point***. Media companies and their distributor partners must identify and deploy scalable and engaging methods to extend their brand or service presence to connected devices, in order to reach qualified audience segments.

Another challenge is overcoming complexities or inconveniences related to consumer content discoverability.

The inability to find desired content amidst multiple delivery channels and distribution sources hinders stakeholder ability to earn revenues. Gaining **the ability to distribute more video and interactivity to connected devices via easy discoverability improves promotional endeavors and revenue potential** for content owners and TV service providers alike.

Today, **innovative approaches are emerging that tie consumers' individual viewing preferences** to video content.

FOR INSTANCE consumers are growing more accustomed to using a **smartphone or tablet** device **while watching a TV program *on a TV set***.

Figure 5 ***highlights new trends*** *in* *second-screen engagement* among smartphone and tablet users.

Second-screen Activities While Watching TV

(Among smartphone & tablet users in U.S. broadband households)
% Conducting Activity Daily to Monthly

	General Population	Viewers aged 18 to 30
Get additional information related to the TV program or network	27%	38%
Read live tweets or comments about the TV program	19%	30%
Watch videos related to the TV program or network	19%	32%
Log in that you are watching a TV program	19%	27%
Shop for music or merchandise related to the TV program or network	16%	25%

Source: Parks Associates, *Video-on-Demand: The Road to Revenues* |

Figure 5

When assessing generational differences, the data reveal **TV viewers under the age of 30 years old are 1.5 times more likely** to **conduct second-screen activities** than general audiences.

Impact of Social Networking

Not only are consumers using their smartphone or tablet to interact with programs while watching TV, their social network interactions positively influence TV tune-in and program ratings. A SocialGuide study finds Twitter usage enhances TV program ratings specifically among young second-screen users.

Twitter Impacts the Incremental Reach of TV Shows

ADULTS	Premiere TV Programs	Midseason TV Shows
ages **18-34**	8.5% increase in Twitter use = 1% increase in TV ratings for premiere TV programs **8.5% USE → 1% RATINGS**	4.2% increase in Twitter use = 1% increase in TV ratings for midseason TV shows **4.2% USE → 1% RATINGS**
ADULTS	**Premiere TV Programs**	**Midseason TV Shows**
ages **35-49**	14% increase in Twitter use = 1% increase in TV ratings for premiere TV programs **14% USE → 1% RATINGS**	8.4% increase in Twitter use = 1% increase in TV ratings for midseason TV shows **8.4% USE → 1% RATINGS**

Source: SocialGuide *2013 Twitter/TV Rating Correlation Study*, 2013 | © SocialGuide, a Nielsen Company Graphic: © **Parks Associates**

The Quest to Deliver Quality User Experiences

As Internet connectivity standardizes across multiple CE devices, consumers will accelerate their viewing of video content outside of traditional channels.

This phenomenon will not subside and in fact will only grow more problematic as more Internet-connected devices penetrate the market and consumers find new ways to access content on their own terms. Alongside securing adequate device scale, content owners and service providers are tasked with providing tools to allow video to be discovered within multiple distribution ecosystems and among a plethora of content choices.

> TO MEET THESE CHALLENGES,
>
> ***stakeholders must attain sufficient audience reach at a matching or even higher rate to remain relevant.***
>
> At the core of successful video delivery and discovery strategies is the consistent promotion of activities that increase video views, drive app downloads, and more importantly, boost company revenues.

Those that master video delivery, user engagement, and monetization strategies positively position themselves to gain a competitive edge to support business objectives in the years to come.

Innovative Ways to Deliver Value and Increase Revenues

Delivering high-quality and personalized cross-platform video experiences encourages user interactivity, fosters brand loyalty, and improves revenues.

Cloud-based video management and second-screen integration emerge as resourceful ways to provide video consistency and consumer value within multiple viewing environments while reducing development, management, and distribution costs. Content owners and service providers must hone their video delivery, discovery, and monetization strategies to remain competitive in an increasingly disparate media market.

SPRINGBOARD® Media

SPRINGBOARD Media is a cloud-based platform that enables cable companies and television programmers to quickly launch mobile experiences across the diverging set of connected devices in order to drive consumer loyalty and tune-in to TV programming.

ScreenBee is a connected device solution built on top of mPortal's SPRINGBOARD® Media platform in order to showcase some of the 30+ building blocks designed to enhance programming and strengthen customer loyalty. ScreenBee is available as a white label solution for launching video applications on connected devices.

Delivery and Discovery Success

This table outlines the core connected device video delivery and discovery success factors including solutions and benefits of each.

	Success Factors	Integrative Solutions	Benefits
Delivery & Discovery	Achieve Cross-platform Device Scale & Audience Reach	Cloud-based Management	• Unifies and scales video experiences on multiple connected device platforms • Reduces development costs • Provides centralized management and analytics
Delivery & Discovery	Strengthen Discovery	Second Screen Platforms	• Leverages companion devices such as smartphone and tablet to enable search, discovery, and recommendations • Facilitates media strategies beyond conventional TV viewing environments • Stimulates video discovery based on social recommendations • Offers promotional opportunities for programs or services
Monetization	Create Personalized User Experiences	Second Screen and Social TV Experiences	• Complements TV viewing experiences, turning a passive interaction into an engaging one • Builds viewing audiences and drives video views via social sharing activities • Increases app downloads via recommendations from trusted voices (i.e., family & friends) • Forms individual connection with the viewer, providing the ability to learn more about their attributes and preferences
Monetization	Drive TV Tune-in	Second Screen Solutions	• Enhances content and engages audiences • Increases viewer loyalty • Increases advertising revenue from TV programming

Author and Attribution

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As an analyst at Parks Associates, Heather's core research focus includes evaluating and providing strategic assessments of advanced advertising technology, platforms, management systems, buying/selling services, and data analytics. Heather also covers the connected device application ecosystem.

Prior to joining Parks Associates, Heather worked in the media industry holding positions as Director of Advertising, media planner and buyer, national TV sales representative, and training coordinator. Additionally, Heather taught as an adjunct professor at the University of North Texas. Heather is cited in top-tier industry trade publications such as Ad Age, Adweek, MediaPost Publications, USA TODAY, and Businessweek.

INDUSTRY EXPERTISE: Advanced Advertising (TV, Internet, mobile, gaming, social media), Consumer Advertising Effectiveness and Preference, Advertising Metrics and Reporting, Connected Apps, TV Companion Apps and Second-screen Advertising

ABOUT MPORTAL

mPortal Inc, founded in 2000, creates award winning mobile user experiences which enable consumers to discover, download, purchase, and interact with content and applications for Wireless Carriers, Cable Operators, Media Companies and Next-Generation Converged Service Providers. mPortal's products and services assist its customers to create, launch, manage, and monetize mobile content and applications across multiple connected devices and networks.

As a total solution provider, mPortal eliminates the complexities involved in launching a mobile offering. With mPortal as a strategic partner, customers can focus on their core business and rely on mPortal to provide its expertise in launching value-added and revenue-generating mobile experiences. mPortal's SPRINGBOARD® product suite provides the software needed to create mobile experiences for connected devices such as mobile phones, tablets, and connected TV/set top boxes and the cloud-based infrastructure that powers and protects the experience. In addition, mPortal boasts a team made up of experts across the industries we serve who understand the needs, systems, and processes required to ensure a successful outcome.

mPortal customers have included some of the world's leading companies such as AOL, Comcast, Cricket Communications, Cox Communications, Disney Mobile, Mobile ESPN, Reliance Infocomm, TELUS, TV Guide, Time Warner Cable, Verizon Wireless and XEROX. (SPRINGBOARD® is a registered trademark of mPortal Inc. All other trademarks are the property of their respective owners.)

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mPortal Connected Experiences blog: www.mPortal.com/blog

ABOUT PARKS ASSOCIATES

Parks Associates is an internationally recognized market research and consulting company specializing in emerging consumer technology products and services. Founded in 1986, Parks Associates creates research capital for companies ranging from Fortune 500 to small start-ups through market reports, primary studies, consumer research, custom research, workshops, executive conferences, and annual service subscriptions.

The company's expertise includes new media, digital entertainment and gaming, home networks, Internet and television services, digital health, mobile applications and services, consumer electronics, energy management, and home control systems and security.

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ATTRIBUTION

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RESEARCH SOURCES

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